



UBI Banca passes the one billion euro mark with its placement of social bonds. Since 2012 social bonds have made it possible to finance 91 high social impact initiatives.

**Letizia Moratti, Chairwoman of the UBI Management Board:
“To combine solidarity with profit is not just possible. It is necessary”**

UBI Banca was the first in Italy to create and launch social bonds that combine investment with solidarity. Over seven years charitable donations of €4.8 million have been made and loan pools have been created to grant loans of €21 million under easy terms and conditions.

Milan, 3rd December 2018 - UBI Banca announces that it has placed over €1 billion through social bonds, a charity-related type of bond which has enhanced the Group's product range since 2012 with an innovatory product in the banking sector and which has helped to introduce a specific approach linked to the third sector and to the civil economy.

Social bonds are financial instruments that offer subscribers the opportunity to obtain a return on their investment comparable with that provided by the Bank on similar investments and at the same time to help support high social value initiatives. On completion of the placement, the Bank donates a set portion of the funding to support these projects, most of which are carried out by nonprofit organisations, or it allocates the amount placed to grant loans at competitive terms and conditions to help develop social enterprise initiatives in local communities.

“We have achieved this result with a magnificent capacity to analyse needs in the social context of the country. To combine solidarity with profit today is not just possible. It is necessary. We have supported a total of 91 projects with a high social impact and the direct beneficiaries of those projects now number 100,000”, said Letizia Moratti, Chairwoman of the Management Board of UBI Banca. “More specifically, this funding has allowed almost €5 million of charitable donations to be made and loan pools to be created for the grant of loans to social enterprises under easy terms and conditions amounting to €21 million. And all this has been made possible thanks also to the over 36,000 customers of the Bank who have subscribed them. And there again, social bonds have a twofold value, on the one hand they offer investors a return on their investment and on the other hand they allow them to support projects of value in our communities”.

The beneficiaries, the objectives and the measurement of results

The charitable donations have made it possible to support 48 projects of institutions operating in the welfare and solidarity sectors, 28 authorities operating in the field of infrastructures and public utility services, 12 universities or research centres and three operators for the development of local economies.

The organisations that can benefit from UBI Comunità's social bonds are significant realities in their local communities with a strong capacity to enlist stakeholders in those communities and they are distinguished for their managerial efficiency and the social impact they generate. For those social bonds which involve the grant of loans, the recipients are also required to have stable cash flows and a good credit rating.

The social goals pursued with social bonds can be classified into two different types: **grant based** social bonds, which involve charitable donations to associations, foundations, universities, hospitals or other realities of social value. These donations are a set proportion of the amount obtained from the securities placed through the issue of the bonds. With this type of financial instrument the bank also aims to generate new partnerships between the public, private and social private sectors to generate value for local communities.

Bonds that involve the use of the amount placed to grant loans (**loan based**) help to develop forms of social entrepreneurship.



Both types of social bond have shown their ability to effectively support the ability of social co-operatives and enterprises to supplement and complete the provision of public utility goods and services in an environment where the public availability of resources is contracting structurally and the range of social needs is broadening.

Furthermore, since 2015 the social impact generated by projects supported through social bonds have been measured in terms of the Social Return on Investment (SROI) generated. The purpose of SROI is to quantify the social or environmental value generated by a project, an initiative, or social organisation in economic terms. An SROI analysis is designed to “capture” the value of a vast range of expected or actual results in monetary terms, by adding a numerical indicator to the report of how an organisation creates value for determined categories of stakeholders, ranging from the direct beneficiaries to local communities, public institutions and supporters. SROI measures change by adopting the perspective of the people and organisations who benefit from it, or contribute to it.

The choice of investors who combine individual objectives with the aims of collective well-being.

UBI Comunità social bonds represent an additional investment opportunity for investors with respect to those instruments traditionally available on the market (general purpose bonds and ethical funds). These meet the expectation of a growing number of retail investors who wish to combine individual and general interest objectives in their investment decisions, thereby contributing to the implementation of projects which create value for society and favour the development of the common good. When investors subscribe to these social bonds, they direct funds either into worthy initiatives or to the development of enterprises that deliver services to individuals and to communities. Social bonds therefore represent an alternative fundraising and financing instrument for nonprofit organisations, which is useful for increasing the indispensable autonomy of a sector that is increasingly more important in Italy both socially and economically.

UBI Banca

UBI Banca is the third largest commercial banking group in Italy by market cap, with a market share of around 7%, 1,651 branches throughout the country and almost 21,000 employees. Since 2011 the Bank has had a unit specialising in business with both Church and non-Church clients belonging to the third sector. A new organisational structure and positioning with regard to the world of public authorities was defined in 2016 with the 2019-2020 Business Plan. A new strategic Area named UBI Comunità was established with the purpose of overseeing and developing commercial relations both with the third sector and the civil economy as well as with public authorities and with the various groupings of associations. UBI Banca promotes partnership initiatives between the public, private and private social sectors with this strategic Area, by involving local communities and by innovative leverage of the Group's abilities and expertise. With UBI Comunità, UBI Banca adds to a range of services designed for simplified banking operations that are secure and economical, with diversified credit solutions to pay advances on contributions and revenues, together with a range of flexible and customisable financing solutions to support the pursuit of institutional aims and to launch or accelerate economically sustainable paths to growth and social innovation. In 2013 UBI Banca received the Italian Banking Association “Charitable Bank” prize and the National Prize for Innovation awarded by the President of the Republic.

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